



METROPOLITAN  
TRANSPORTATION  
COMMISSION

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## *Memorandum*

TO: Planning Committee

DATE: June 3, 2009

FR: Executive Director

RE: Financing Scenarios for Implementing a Regional Express Lane Network

As you know, staff has completed various Regional Express Lane Network feasibility assessments over the last couple of years. As part of these assessments, staff and its consultants prepared planning-level cost and revenues estimates. The cost to construct and operate the network is estimated at \$7.6 billion in escalated dollars, while tolls have been estimated to generate about \$13.7 billion over the next 25 years, leaving a net of \$6.1 billion available for other corridor improvements. These are the amounts that have been incorporated into the recently adopted Transportation 2035 plan.

As part of the feasibility assessment, staff had the BATA financial team analyze the revenue estimates provided by our consultants, which included four separate tolling scenarios. The team assessed the financial feasibility and cash flow for express lane projects in all corridors identified in the network. The analysis compared financing stand-alone corridors to financing a complete regional enterprise that assumes credit and cash flow support from BATA bridge tolls.

In summary, the BATA financial team found that:

- Under any revenue scenario, the regional enterprise generates more funding capacity than stand-alone corridors
- A regional enterprise can deliver projects sooner and provide earlier access to net revenues
- More robust tolling and vehicle occupancy assumptions allow more of the network to be built faster and generate additional net revenues

It's important to note that these are planning-level estimates that could be subject to considerable change. Assuming BATA is given legislative authority to implement the network, the agency will be required to develop far more detailed investment grade cost and revenue forecasts for bonding purposes. That legislative authority is contained in AB744 (Torrico), which was approved by the full Assembly this week on a 58-18 vote. The bill now goes to the Senate Transportation Committee for hearing.

BATA staff and its financial consultants will review the attached PowerPoint presentation at your meeting.

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Steve Heminger